

## CERTIFICATE OF NEED QUESTIONS

1. Why do you want to serve on the Certificate of Need (CON) Commission?
2. What do you see as the mission of the CON Commission?
3. To whom does the CON Commission answer?
4. What is your opinion of the CON system as it existed prior to April 1, 2003?
5. What is your opinion of the CON system as it exists today under the new law?
6. Do you think the CON system or the free market system is the best way to handle the distribution of health sector resources?
7. What is your opinion of Henry Ford Health Systems plan to relocate hospital beds from the City of Detroit to the suburbs?

Certificate of Need Questions:

Jean R. Landreville

**1. Why do you want to serve on the Certificate of Need Commission?**

It is an honor to be asked to serve on the Governor's Certificate of Need Commission. My desire is to not only serve because I was asked, but also see this as an opportunity to bring the nursing home perspective to the Commission's work.

**2. What do you see as the mission of the CON Commission?**

As I see it, the mission of this commission, whose membership comprises of a broad representation of the health care community, is to assist in the process of allocating Michigan's health resources.

**3. To Whom do the CON Commission answer?**

In accepting this appointment, the individual commissioner "answers" to all citizens of Michigan. First and foremost to be fair and impartial, and to devote the time and energy needed to understand these often-complex issues.

**4. What is your opinion of the CON system, as it existed prior to April 1, 2003?**

Prior to April 1, 2003 the CON system, a regulatory process that required healthcare providers to obtain pre approval from the State prior to expanding services. The process is based on law and rules and is intended to constrain health care costs and provide a fair allocation of our healthcare resources.

**5. What is your opinion of the CON system, as it exists today under the new law?**

In December of 2002 the Michigan Legislature revised the CON law that make revisions to both the capital expenditure thresholds as definitions as non-clinical expenditures will no longer require review. The new law offers a limited number of hospitals a more expanded ability to relocate hospital beds, although restrictions do apply.

**6. Do you think the CON system or the free market system is the best way to handle the distribution of health sector resources?**

Although I am not an expert in healthcare economics I would have to say the answer to this question, free market vs. regulatory process, is somewhere in the middle. Yes, we need the CON regulatory process and yes we need to fully understand the implications of the "results" of this process.

**7. What is your opinion of Henry Ford Systems plan to relocate hospital beds from the City of Detroit to the suburbs?**

I do not as yet have an opinion about this issue.

I am in the process of reviewing the literature that surrounds the current issue regarding relocation of hospital beds. I would like to listen to interested parties, public, our legislators and of course thoroughly discuss with my fellow commissioners.

**Responses from Richard Breon**  
**to CON Questions from Sen. Sikkema**

- 1 Why do you want to serve on the Certificate of Need (CON) Commission?

In order to be competitive in a dynamic world economy, Michigan needs to continue to improve its record of relatively low healthcare costs. I further believe that CON is, and can continue to be, an effective mechanism to control healthcare cost increases. However, it is clear that CON has not always worked as effectively or as fairly as it could have. If confirmed to serve on the Commission, I will strive to help bring logic and reason to bear on the issues governed by the CON program.

- 2 What do you see as the mission of the CON Commission?

The mission of the CON Commission is to ensure that the citizens of Michigan have access to affordable, quality healthcare.

- 3 To whom does the CON Commission answer?

Ultimately, the CON Commission is accountable to the people of Michigan. Therefore, the functions of the Commission are within the purview of both the Michigan legislature and the office of the Governor of the State of Michigan.

- 4 What is your opinion of the CON system as it existed prior to April 1, 2003?

Prior to April 1, 2003, the CON program has done a fairly good job of accomplishing its mission. At times the system has not been as responsive as many have preferred, and, as a result, many CON standards often have not been compatible with contemporary healthcare delivery.

- 5 What is your opinion of the CON system as it exists today under the new law?

The new CON law has made substantial improvements to the CON program in Michigan. Expansion of the Commission to eleven (11) members insures broader representation of key constituencies in CON deliberations. Discretionary use of advisory committees will enable the Commission to resolve simple issues more efficiently. The discontinuation of CON coverage for non-clinical projects will eliminate many unnecessary CON applications. Closer oversight by the legislature will ensure that the Commission remains true to its mission. I am particularly supportive of the requirement that CON holders participate in the state Medicaid program.

- 6 Do you think the CON system or the free market system is the best way to handle distribution of health sector resources?

Unfortunately, traditional market principles do not generally apply to healthcare. We have a system in which payors pay for care but do not deliver it; consumers use health care services but do not pay for them; physicians order services but do not provide them; and hospitals deliver healthcare services but do not order them. In this environment, free market forces are not at work.

A number of national auto manufacturers have studied the costs of their health care benefits among various states. Consistently, these studies show significantly lower health care costs in states maintaining a CON program. In recent testimony before the Senate Health Policy Committee, a representative from Daimler-Chrysler presented data demonstrating that the average cost per covered life per year for their employees is nearly twice as much in two states without CON (Wisconsin & Indiana) as it is in two CON states (New York & Michigan). General Motors and Ford Motor Company both reported similar experience with their employee healthcare costs in CON versus non-CON states. The existence of a CON program in this state helps reduce operating costs (in the form of healthcare premiums) for businesses located here. In this way, CON is a positive factor for companies considering new operating locations and, hence, is a significant advantage for economic development.

I have the unique perspective of evaluating the Michigan CON program based on personal experience in other states. One of those, Indiana has no CON regulations. Evansville, Ind., which is about half the size of Grand Rapids, has nearly twice as many MRI units. Under these conditions, Evansville probably has twice the MRI capacity that it needs. As a result, there are a substantial number of expensive MRI units remaining idle much of the time in Evansville. Another state, Illinois has a CON program but has no objective CON standards. Applicants for a new service present their proposals to the director of the CON program who decides whether or not it should be approved, without explicit criteria. As a result of this subjective approach, rural Southeastern Illinois, which probably needs only a single open-heart surgery program, has three (3) CON-approved cardiac surgery programs. Under these circumstances, none of those programs can expect to have sufficient volumes of heart cases to maintain high levels of quality. With objective CON review standards, Michigan's CON program is preferable to Illinois' program.

- 7 What is your opinion of Henry Ford Health System's plan to relocate hospital beds from the City of Detroit to the suburbs?

I believe that the CON program's rules need to be applied uniformly to all healthcare providers in the state. In some situations, it may be appropriate for the Commission to make special accommodations for providers in need of relief to allow them to serve their communities. However, I do not yet have sufficient information about the specific circumstances surrounding in the Henry Ford Health System situation. I prefer to keep an open mind and reserve judgement on this issue until I learn all of the facts. Nevertheless, in this, and all situations, the CON program should act to ensure that the citizens of Michigan have access to affordable, quality healthcare.

### **CERTIFICATE OF NEED QUESTIONS:**

1. WHY DO YOU WANT TO SERVE ON THE CERTIFICATE OF NEED (CON) COMMISSION?

I have years of experience in healthcare delivery systems (nurse of 40 years) and am eager to serve.

2. WHAT DO YOU SEE AS THE MISSION OF THE CON COMMISSION?

To influence healthcare policy (as it relates to CON issues) in serving the higher good of improvement in the health and well-being of the citizens of Michigan.

3. TO WHOM DOES THE CON COMMISSION ANSWER?

Ultimately the populace of the State of Michigan; more specifically via the elected officers of the State.

4. WHAT IS YOUR OPINION OF THE CON SYSTEM AS IT EXISTED PRIOR TO APRIL 1, 2003?

Overall, the CON system in the State of Michigan has worked for all constituents. No special interest has held hostage the other entities - has provided balance in distribution of services to meet the needs of citizens.

5. WHAT IS YOUR OPINION OF THE CON SYSTEM AS IT EXISTS TODAY UNDER THE NEW LAW?

The change allowed inner city (Detroit) to relocate services to north and west suburbia. I am open-minded about the issue; no conclusive opinion at the present time.

6. DO YOU THINK THE CON SYSTEM OR THE FREE MARKET SYSTEM IS THE BEST WAY TO HANDLE THE DISTRIBUTION OF HEALTH SECTOR RESOURCES?

The CON system has provided the means for meeting the needs of the citizens of Michigan; 'not' creating the demand. I am open-minded about the possibility of change in certain circumstances.

7. WHAT IS YOUR OPINION OF HENRY FORD HEALTH SYSTEM PLAN TO RELOCATE HOSPITAL BEDS FROM THE CITY OF DETROIT TO THE SUBURBS?

I would want to know more about the cost/benefit value equation before formally giving an opinion.

James E Maitland  
4303 Maitland Drive  
Williamsburg, MI 49690

Senate Majority Leader Ken Sikkema  
Attn: William H. Sullivan  
PO Box 30036  
Lansing, MI. 48909-7536

RE: Response to Certificate of Need Questions.

1. I was originally appointed by Governor Engler in 1994 to the CON Commission. In discussion with the Governor at that time, I was asked to represent the interest of rural Michigan. I feel that I have done a good job of representing those interests as well as the interests of the State as a whole. I feel that I can best continue to serve because of my historical knowledge, being the longest serving Commission Member. My current appointment was supported by Michigan Farm Bureau, Michigan State University, Senator Jason Allen and Munson Medical Center, which I think indicates continued support from Northern Michigan. Since my appointment in 1994 I have been the only commission representative north of Grand Rapids. In reviewing the new appointments of Governor Granholm, I will still be the only member north of Grand Rapids.
2. The mission of the Certificate of Need Commission as defined by law is to promote the availability and accessibility of quality health services at a reasonable cost with reasonable geographic proximity for all people of the State.
3. The Commission works within the laws as established by the State Legislature with review and final approval of the legislature. Ultimately I feel I answer to the people of the State of Michigan through their elected representatives.
4. In my opinion the CON Commission functioned adequately prior to April 1, 2003. Because of the ad hoc process and restraints placed upon the Commission by the Department some issues took longer to resolve than one might expect. This process created some impatience within the health care community and gave the impression that we were not responsive to the issues brought to our attention.
5. I think the new law will solve some of the issues as addressed in item 4 above by allowing the Commission to make changes to standards without going through the ad hoc process. The ad hoc process did a good job of getting public input, but it was quite time consuming and labor intensive.

Having eleven members will make the Commission somewhat cumbersome, but it has a good cross-section of representatives of the Health Care Community.

6. I believe that the CON system has worked in Michigan and has met the purpose of the law. While I generally support the free market system I believe that there are factors present in the health sector that require standards and licencing. I feel that the system in-place in Michigan has helped to control cost and has provided for an adequate distribution of health sector resources.

7. I feel that Henry Ford Health Systems plan to relocate hospital beds from the City of Detroit to the suburbs will require careful consideration, and input from all interested and effected parties must be heard before a final recommendation is made.



JAMES E MAITLAND

14 April 2003  
DATE



Renee Turner-Bailey  
4/15/03

## **RESPONSE TO SENATE COMMITTEE SUPPLEMENTAL QUESTIONNAIRE RE CON**

### **1. Why do you want to serve on the Certificate of Need Commission?**

During my service on the Commission, I have found it to be very engaging and rewarding to participate in State-level health policy decision-making. The Commission's goals – affordability, accessibility and quality of health care services – are critical for all aspects of our society. That is particularly true during this time of tremendous medical and technological advances along with great financial stress for the payers of health services – government, employers, and consumers. I have to deal with these issues both as the mother of young children as well as a business executive. Service on the Commission allows me to try to address these complex issues that need constant re-balancing on an overall public policy basis.

I also think I can provide needed continuity for the Commission during this transition to an expanded Commission. As elected Chair of the Commission, I feel it is my duty to work to properly implement the Legislature's new directives in concert with the current and new membership.

### **2. What do you see as the mission of the CON Commission?**

While there are various State agencies involved in health care policy-making, the CON Commission is relatively unique in that it is responsible for developing standards regarding the criteria for health facilities, and the Legislature's list of covered services and equipment. The stated mission is to assure: "The availability and accessibility of quality health services at a reasonable cost and within a reasonable geographic proximity for all people in this state." Given the ever-increasing pace of advances in life-saving and life-enhancing technology in addition to rapidly growing costs, the challenge to achieving this mission is great.

### **3. To whom does the CON Commission answer?**

The Commission is most immediately answerable to the Legislature and Governor because they established the CON program and subsequent changes, and are together responsible for determining its funding and continuation. It is one of my goals that the Commission work closely with the new Joint Legislative Committee on CON, which establishes more focused legislative oversight of the CON program. The new CON law makes the Commission's Chairperson responsible for communicating to that Joint Committee. I take this responsibility very seriously. I appreciate that the Legislature specifically charged us to provide the Joint Committee with "a concise summary of the expected impact" of both our proposed standards (so they may respond with their "recommendations and concerns") and again after we take final action (which will reflect careful consideration of that legislative input and public comment). Formerly, the Commission staff provided that summary information to the Legislature. Since the

Commission now has that specific responsibility the Legislature can receive that summary information in a timely and concise, and thereby more useable, fashion.

The Commission is, of course, ultimately responsible to the people of Michigan. Very importantly, the Commission is not answerable to our employers, our associations, or any other special interest group, but ultimately to what is in the overall best interest of the people of Michigan.

4. What is your opinion of the CON system as it existed prior to April 1, 2003?

CON is an effective and needed program, which required updating to make it more efficient and responsive. The Commission and the staff began that process, while working under serious budgetary and staff constraints. Under the old law, the program had various problems, some of which the new law should help to correct.

5. What is your opinion of the CON system, as it exists today under the new law?

Under the new law, CON will benefit from significant improvements such as assuring more adequate staffing for the process, funded through increased fees for CON applicants. It is notable that the Michigan Health and Hospital Association, whose members will be among those most affected by the increased fees, supported that change to assure that the Commission and the CON administrative section will have the necessary staff to fulfill their duties. Examples of that are: assuring timely monitoring of the program's goals vs. achievements, pursuant to the Auditor General's report; more expeditious updates of CON Standards; and processing of applications.

I also think the CON program was assisted by giving the Commission the flexibility of having advisory committees when needed, as opposed to requiring the use of the Ad Hoc Committee process for every change, even when it might be rather technical or obvious.

6. Do you think the CON system or the free market system is the best way to handle the distribution of health sector resources?

Much of health care is now provided under the free market system. For example, health professionals' services in their offices, prescriptions, emergency services, and most hospital-based medical services are not regulated by CON. However, CON continues to regulate a portion of the health care delivery system. I feel that CON regulation is appropriate when a clear and decisive case can be made based on our three legislatively-provided criteria: affordability, quality and access. CON only regulates a portion of the health care system. I think CON regulation is appropriate when a clear and decisive case can be made in terms of its necessity based on our three legislatively-provided criteria: affordability, quality and access. The Legislature has given the Commission the responsibility of suggesting modifications in the list of covered equipment and services, (as we did recently, with legislative approval, to eliminate regulation of partial day psychiatric programs).

7. What is your opinion of Henry Ford Health System's plan to relocate hospital beds from the City of Detroit to the suburbs?

The Commission has been given a very short time to consider whether it would be better to give Henry Ford's (Providence's and other hospitals') proposed bed relocation an exemption from CON or whether various projects each should require an individual certificate of need.

I believe it is contrary to the oath of office that I signed to have a preset opinion before carefully considering public testimony and the criteria in the new law. I have already have heard enough from people to know that there are a variety of arguments on the legal scope of the hospital bed relocation subsection but that this subsection applies to much more than just Henry Ford Health System.

I believe that the question is not any individual's opinion of the proposals to move beds to western Oakland County (where I in fact live), and elsewhere throughout the state. More importantly, in accordance with subsection (3) of the new law, I intend to listen to the testimony provided in order to make a considered judgment about whether it causes *"great harm and detriment to the access and delivery of health care to the public and the relocation of beds should not occur without a certificate of need."*

## **CERTIFICATE OF NEED QUESTIONS**

### **1) WHY DO YOU WANT TO SERVE ON THE CERTIFICATE OF NEED COMMISSION?**

- A. I am interested to serve on the CON Commission because I would like to assure the medical needs of the community are addressed. I am interested because of having the ability to address broad health care issues. These abilities resulted from the concerns I have formulated as a practicing physician for the last nineteen years and as a MSU faculty member responsible for training future osteopathic physicians. Also, I have learned the problems facing the health care system are complex as described by patients, students, colleagues, and hospital administrators.

### **2) WHAT DO YOU SEE AS THE MISSION OF THE CON COMMISSION?**

- A. The Commission's purpose is to develop the standards for deciding who can provide certain medical services and operate health care facilities. I believe this is one part in which the commission can help constrain unneeded health cost escalation and improving quality of care.

### **3) TO WHOM DOES THE CON COMMISSION ANSWER?**

- A. The Con Commission is a state regulated program housed in the department of Community Health. Therefore, my comprehension of state laws governing CON, the commission answers to the legislature and the Governor and ultimately the citizens of Michigan.

### **4) WHAT IS YOUR OPINION OF THE CON SYSTEM AS IT EXISTED PRIOR TO APRIL 1, 2003?**

- A. I think CON system was effective but needed to be updated.

### **5) WHAT IS YOUR OPINION OF THE CON SYSTEM AS IT EXISTS TODAY UNDER THE NEW LAW?**

- A. The new law strengthens the CON system. The positive or constructive changes to the CON system leads to a better reporting mechanism to the Legislature, and expedites CON processes.

### **6) DO YOU THINK THE CON SYSTEM OR THE FREE MARKET SYSTEM IS THE BEST WAY TO HANDLE THE DISTRIBUTION OF HEALTH SECTOR RESOURCES?**

- A. Based on the health care delivery process and who bears the cost of health care services, I believe that the CON system allows for a fair distribution of some health care resources. However, I do believe there are many aspects of the health care delivery system that do not merit CON regulation.

### **7) WHAT IS YOUR OPINION OF HENRY FORD HEALTH SYSTEMS PLAN TO RELOCATE BEDS FROM THE CITY OF DETROIT TO THE SUBURBS?**

- A. I believe it is contradictory to my sworn oath of office to have a preset opinion before evaluating all of the information. I will listen to the information provided by the interested parties, and the general public. I will listen to input from legislators and discussions among my fellow commissioners.

## **CERTIFICATE OF NEED QUESTIONS**

### **1. Why do you want to serve on the Certificate of Need Commission?**

To assist in making sound public policy in health care. I have had experience in the CON process and believe that provider and specifically physician input is essential for that to happen.

### **2. What do you see as the mission of the CON Commission?**

To balance quality, access and cost in determining standards for the 18 covered services. The Commission should act to assure good health care for Michigan citizens.

### **3. To whom does the CON Commission answer?**

The Commission is an independent body. The legislature and the governor have their own roles in the process.

### **4. What is your opinion of the CON system as it existed prior to April 1, 2003?**

The CON system was not responsive to the health care needs of our citizens in terms of access. In addition, there were no health care providers on the Commission, so the Commission lacked this expertise and perspective in its decision-making. The previous system was slow and cumbersome and needed reform.

### **5. What is your opinion of the CON system as it exists today under the new law?**

The CON process has been significantly improved due to the reform enacted by the Legislature in 2002. The new composition of the Commission, the way technical changes can be made and the changes in the ad hoc committee structure should improve the Commission's response to health care needs. We will not know the effectiveness of these reforms for several years.

### **6. Do you think the CON system or the free market system is the best way to handle the distribution of health sector resources?**

Since the Legislature has reformed the CON system in 2002, it is entirely possible that it will be effective in the distribution of health sector resources. The Legislature felt this approach should be given an opportunity. It will take several years to know its effectiveness or whether additional reforms are necessary.

### **7. What is your opinion of Henry Ford Health Systems plan to relocate hospital beds from the City of Detroit to the suburbs?**

I believe that would be a very good idea for a number of reasons. First, it would allow for continued care for the thousands of patients being presently seen by Ford physicians at their health facility in West Bloomfield. Second, there are no hospitals in that part of Oakland County so it would fill a need for local communities. Third, Ford would be able to balance its payor mix and stay financially viable so it could continue to care for the indigent and Medicaid patients in Detroit. The beds that would be moved would not affect access in Detroit. (I have been an employed physician at Henry Ford Hospital for 27 years.)

1. Why do you want to serve on the CON commission?

The CON commission determines the future direction of health care services in Michigan and should be guided by people with a knowledge of health care. As a practicing physician, I believe I have a perspective that will be valuable to the CON commission.

2. What do you see as the mission of the CON commission?

The mission of the CON commission is primarily to create the standards by which the CON program will approve the need for medical technology and services. The CON standards must balance the need for access and quality health care with the cost of health care.

3. To Whom does the CON commission answer?

The CON commission answers to the governor for appointment, to the joint legislative committee for legislative oversight, and to the people of the State of Michigan for the need for health care services.

4. What is your opinion on the CON system as it existed prior to April 2003?

The previous CON system was not an effective tool because it was captured by interest groups not interested in balancing cost, quality, and access to health care. As a result, any actions that were taken by the CON commission were delayed for months, in some cases, years. The CON program was not steering out health care delivery system into the future, but was retarding the growth a health care system in the mistaken belief that limiting access would reduce costs.

5. What is your opinion of the CON system as it exists today under the new law?

The CON system under the new law has not yet been tried. Given that the CON commission under the new law can bring more expertise to bear on the issues that come to the commission and can take action without the long delays created by the prior ad hoc committee system, I believe that the new CON system can be effective.

6. Do you think the CON system or the free market system is the best way to handle the distribution of health sector resources?

The health care system has not traditionally responded well to free market incentives. This is in part due to the fact that health care does not operate in a free market. Geographic variations in the number of uninsured, Medicaid recipients and Medicare recipients were driving health providers out of some areas. Indeed, even with the franchise protections provided by the Con program, health care providers must avoid those areas where health care reimbursement does not cover health care costs.

7. What is your opinion of Henry Ford Health System's plan to relocate hospital beds from the city of Detroit to suburbs?

A combination of uninsured, Medicaid and Medicare reimbursement in Detroit makes it difficult to provide healthcare from a business stand point. This is a complicated issue which requires further study and review. This issue is certainly critical to the viability of inner city hospitals. I would like to hear the opinion of all the stakeholders before coming to any definitive decision in this regard.



## CON QUESTIONS

1. Why do you want to serve on the Certificate of Need (CON) Commission?

I believe in volunteer service. With my past experience in health planning, policy, and regulation, the CON Commission seems like a good fit and where I believe I can make a positive contribution.

2. What do you see as the mission of the CON Commission?

I see the mission of the CON Commission as a program to balance cost, quality and access issues and to ensure that only needed services and facilities are developed in Michigan. It should include promoting access to services and facilities not only in both rural and urban areas but also include the medically indigent. It should also include compliance with standards developed by health experts and provide a forum for public input and community involvement.

3. To whom does the CON Commission answer?

Ultimately the CON Commission answers to the people of the state of Michigan. The process also involves the department, the joint committee and the legislature.

4. What is your opinion of the CON system as it existed prior to April 1, 2003?

The system as it existed prior to April 1, 2003, as I understand it, needed to be revised to include a broader representation since it was only a five member body. It also needed to be revised because of lack of efficiency and flexibility.

5. What is your opinion of the CON system as it exists today under the new law?

The new law provides for broader representation which is reflected in the expansion of the CON to eleven members across the spectrum of health care and that membership is broadly representative of all the people of the state and of the various geographic regions. It also provides for the establishment of an advisory committee to replace the former ad hoc committee process. The new committee is intended to shorten the process and allow greater flexibility in making standards modifications. It also provides for a joint legislative committee for the purpose of oversight.



6. Do you think the CON system or the free market system is the best way to handle the distribution of health sector resources.

The CON system seems to be the best way to handle the distribution of health sector resources in a fair and equitable manner allowing input from health professionals, the public, and other interested parties. The free market system approach might have merit with appropriate checks and balances to prevent wasteful appropriation of tax dollars.

7. What is your opinion of Henry Ford Health Systems plan to relocate hospital beds from the City of Detroit to the suburbs?

I do not have sufficient information at this time to render an opinion on the Henry Ford Health Systems plan to relocate hospital beds from the City of Detroit to the suburbs.